

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 24, 2005, Work Session**

AGENDA ITEM NO.: 4

CONSENT:

REGULAR: **X**

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Proposal to Reduce the Common Goods Fee**

RECOMMENDATION: Maintain the Common Goods Fee at the current level of \$5.00 per month per household.

SUMMARY: During the budget deliberations there was a proposal to reduce the Common Goods Fee from \$5.00 per month to a level estimated to exactly cover projected expenses to which the revenues apply in the Solid Waste Management Fund.

The Common Goods Fee was implemented in January 2004 to pay for certain residential and community solid waste management services that had previously been funded by the Solid Waste Management Fund balance. The fee was established as part of the effort to bring the fund onto a solid financial footing and was chosen in lieu of several alternatives including additional support from the General Fund or an increase in the decal/tag fees. Fee revenues are estimated at \$1,159,020 for FY 2005 and will offset costs for refuse collection, overhead, litter and debris pickup, brush and bulk/white goods collection, household hazardous waste management, and recycling. Details are provided on the attached spreadsheets.

When the flat fee was originally considered it was estimated that an amount of \$4.22 per month would cover the projected costs. Nevertheless, Council set the fee at \$5.00 per month. Although some costs have increased, an improved bottom line in the recycling program from corrugated cardboard and the elimination of glass recycling, along with a slightly higher than projected number of households indicates that for Fiscal Year 2005 a flat fee of \$4.16 per month would cover projected expenses in the designated categories. The costs for these services are projected to increase approximately 2.0% for the upcoming 2006 Fiscal Year. The flat fee necessary to cover services would be \$4.39.

A reduction in the flat fee to \$4.39 would save each household \$7.32 per year and would reduce revenues to the Solid Waste Management Fund by \$141,400. An alternative would be to reduce the General Fund support for refuse collection by that amount, in essence providing additional resources for General Fund activities.

PRIOR ACTION(S): The flat fee was adopted February 11, 2003 and implemented January 2004. April 12, 2005, during budget deliberations, Council directed that this matter be brought to a future work session.

FISCAL IMPACT: As noted above.

CONTACT(S): Kimball Payne, Dave Owen

ATTACHMENT(S): Spreadsheets providing financial data.

REVIEWED BY: lkp

Shown below is the cost of each service and the associated revenue and funding sources.

Residential Cost Analysis (FY 04)				
Service Categories	Cost of Service	Funding	Funding Source	
Refuse Collection	\$1,047,441	\$732,529	General Fund	70%
		\$314,912	SW Fund Balance	30%
B & C Adm. Cost & Overtime for Utilities	\$65,910	\$65,910	SW Fund Balance	100%
Litter & Debris	\$174,547	\$174,547	SW Fund Balance	100%
Brush	\$274,291	\$191,039	VDOT Highway Maint.	70%
		\$83,252	SW Fund Balance	30%
Bulk/White Goods	\$157,332	\$157,332	SW Fund Balance	100%
Household Hazardous Waste	\$33,326	\$33,326	SW Fund Balance	100%
Recycling & Disposal of Residential Waste	\$327,285	\$815,000	Tag/Decal sales	84%
	\$596,187	\$145,472	SW Fund Balance	16%
Total	\$2,676,319	\$732,529	GF Transfers	28%
		\$815,000	Tag/Decal sales	31%
		\$191,039	VDOT Highway Maint.	7%
		\$937,751	SW Fund Balance	34%

Solid Waste Flat Fee Report

Shown below is the cost of each service and the associated revenue and funding sources.

Residential Cost of Service Analysis (FY 05)				
Service Categories	Cost of Service	Funding	Funding Source	
Refuse Collection	\$1,095,011	\$732,529	General Fund	67%
		\$362,482	Flat Fee Revenue	33%
B & C Adm. Cost & Overtime for Utilities	\$65,910	\$65,910	Flat Fee Revenue	100%
Litter & Debris	\$135,041	\$135,041	Flat Fee Revenue	100%
Brush	\$223,391	\$190,697	VDOT Highway Maint.	85%
		\$32,694	Flat Fee Revenue	15%
Bulk/White Goods	\$285,121	\$285,121	Flat Fee Revenue	100%
Household Hazardous Waste	\$18,175	\$18,175	Flat Fee Revenue	100%
Recycling &	\$372,692	\$865,000	Tag/Decal sales	93%
Disposal of Residential Waste	\$557,323	\$65,015	Flat Fee Revenue	7%
Total	\$2,752,664	\$732,529	GF Transfers	27%
		\$865,000	Tag/Decal sales	31%
		\$190,697	VDOT Highway Maint.	7%
		\$964,438	Flat Fee Revenue	34%

City Council previously voted to implement a Common Goods monthly flat fee of \$5.00 per household per month primarily to pay for the residential services previously funded by the Solid Waste Management Fund Balance. The flat fee was implemented January 2004. Listed below are the revenues currently being generated by the flat fee. Also listed are the projections that were used when implementing the flat fee.

Number of Households	Revenues Projected for FY 2005	Projected Revenues When Program Implemented	Annual Fee Required to Cover Services	Monthly Fee
18,938	\$1,136,280	1,080,000	\$ 49.93	\$4.16
379 (not on City water or sewer)	\$ 22,740 (receiving annual bill of \$60)	30,000	\$ 49.93	\$4.16
TOTALS	\$ 1,159,020	1,110,000	\$ 964,438	\$ 4.16

If the Common Goods monthly flat fee is lowered to \$4.00 per month then revenue totaling \$927,216 will be realized resulting in a shortfall of \$37,222 when compared to cost of services.

Solid Waste Flat Fee Report

Shown below is the cost of each service and the associated revenue and funding sources.

Residential Cost of Service Analysis (Projected FY 06)				
Service Categories	Cost of Service	Funding	Funding Source	
Refuse Collection	\$1,116,911	\$732,529	General Fund	66%
		\$384,382	Flat Fee Revenue	34%
B & C Adm. Cost & Overtime for Utilities	\$65,910	\$65,910	Flat Fee Revenue	100%
Litter & Debris	\$137,742	\$135,041	Flat Fee Revenue	100%
Brush	\$227,859	\$190,697	VDOT Highway Maint.	84%
		\$37,162	Flat Fee Revenue	16%
Bulk/White Goods	\$290,823	\$285,121	Flat Fee Revenue	100%
Household Hazardous Waste	\$18,539	\$18,175	Flat Fee Revenue	100%
Recycling &	\$380,146	\$865,000	Tag/Decal sales	91%
Disposal of Residential Waste	\$568,469	\$83,615	Flat Fee Revenue	9%
Total	\$2,806,399	\$732,529	GF Transfers	26%
		\$865,000	Tag/Decal sales	31%
		\$190,697	VDOT Highway Maint.	7%
		\$1,018,173	Flat Fee Revenue	34%

City Council previously voted to implement a Common Goods monthly flat fee of \$5.00 per household per month primarily to pay for the residential services previously funded by the Solid Waste Management Fund Balance. The flat fee was implemented January 2004. Listed below are the revenues currently being generated by the flat fee. Also listed are the projections that were used when implementing the flat fee.

Number of Households	Revenues Projected for FY 2006	Projected Revenues When Program Implemented	Annual Fee Required to Cover Services	Monthly Fee
18,938	\$1,136,280	1,080,000	\$ 52.71	\$4.39
379 (not on City water or sewer)	\$ 22,740 (receiving annual bill of \$60)	30,000	\$ 52.71	\$4.39
TOTALS	\$ 1,159,020	1,110,000	\$ 1,018,173	\$ 4.39

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			\$384,382	Flat Fee Revenue	34%
B & C Adm. Cost & Overtime for Utilities	\$65,910	\$65,910	\$65,910	Flat Fee Revenue	100%
Litter & Debris	\$135,041	\$137,742	\$135,041	Flat Fee Revenue	100%
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	\$557,323	\$568,469	\$83,615	Flat Fee Revenue	9%
Total	\$2,752,664	\$2,806,399	\$732,529	GF Transfers	26%
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TOTALS		\$ 1,159,020	1,110,000	\$ 1,018,173	\$ 4.39

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